

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

INFO AMEMBASSY BRASILIA

C O N F I D E N T I A L STATE 233376

E.O. 11652: GDS

TAGS: ETRD, AR, BR

SUBJECT: ARGENTINE FOOTWEAR

1. ON JULY 19, 1973, AMERICAN FOOTWEAR INDUSTRIES ASSOCIATION FILED A COMPLAINT WITH TREASURY DEPARTMENT ALLEGING THAT ARGENTINE AND BRAZILIAN GOVERNMENTS SUBSIDIZE EXPORTS OF NON-RUBBER FOOTWEAR TO U.S. THE ASSOCIATION CONTENDS THAT SUCH SUBSIDIES CONSTITUTE A BOUNTY OR GRANT WITHIN MEANING OF COUNTERVAILING DUTY STATUTE (19 U.S.C. 1303) AND THAT BRAZILIAN AND ARGENTINE FOOTWEAR SHOULD BE SUBJECT TO U.S. COUNTERVAILING DUTIES. IN THE CASE OF ARGENTINA, COMPLAINT SPECIFIES A SERIES OF INCENTIVES ALLEGEDLY OFFERED TO LOCAL FOOTWEAR INDUSTRY WHICH INCLUDE, AMONG OTHER THINGS, DIRECT EXPORT SUBSIDIES TO PRODUCERS.

2. COMPLAINT APPARENTLY TRIGGERED BY RAPID GROWTH OF FOOTWEAR EXPORTS FROM ARGENTINA AND BRAZIL IN PAST TWO YEARS. U.S. IMPORTS OF NON-RUBBER FOOTWEAR FROM ARGENTINA DURING PERIOD JAN-AUG 1973 AMOUNTED TO 425 THOUSAND PAIRS (VALUED
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AT 2.1 MILLION DOLLARS) COMPARED WITH 58 THOUSAND PAIRS

DURING SAME PERIOD IN 1972, AN INCREASE IN VOLUME OF OVER 600 PERCENT.

3. TREASURY HAS NOT YET INITIATED A FORMAL COUNTERVAILING DUTY INVESTIGATION. AFTER RECEIPT OF A BONA FIDE COMPLAINT, THERE NORMALLY FOLLOWS AN INFORMAL INQUIRY WHICH ULTIMATELY

INCLUDES A VISIT BY A CUSTOMS REPRESENTATIVE TO THE COUNTRY CONCERNED, WHERE ALL RELEVANT INFORMATION ABOUT THE GOVERNMENTAL PROGRAMS IN QUESTION IS OBTAINED.

4. THE DEPARTMENT IS WELL AWARE OF THE REPERCUSSIONS A COUNTERVAILING DUTY ACTION IS LIKELY TO HAVE IN ARGENTINA, WHERE IT WOULD DOUBTLESS BE VIEWED AS DETRIMENTAL TO ARGENTINA'S DEVELOPMENT EFFORTS. IN THESE CIRCUMSTANCES IT WOULD BE HELPFUL TO HAVE A BETTER GRASP OF THE DIMENSIONS OF THE PROBLEM WITH WHICH WE ARE FACED WITHOUT UNDULY ALARMING GOA OFFICIALS. ANY AVAILABLE INFORMATION ON GOVERNMENT ASSISTANCE OR EXPORT INCENTIVES GRANTED TO THE SHOE INDUSTRY, AS WELL AS ON PLANNED LEVEL OF EXPORTS TO THE U.S. WOULD BE HELPFUL.

5. EMBASSY SHOULD DECIDE WHETHER APPROACHES TO GOA OFFICIALS IN ORDER TO DEVELOP THIS INFORMATION ARE NECESSARY OR DESIRABLE AT THIS TIME. KISSINGER

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Message Attributes

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